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FM AMEMBASSY QUITO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5013
INFO RUEHME/AMEMBASSY MEXICO IMMEDIATE 1501
RUEHKO/AMEMBASSY TOKYO IMMEDIATE 0008
RUEHGV/USMISSION GENEVA IMMEDIATE 0342
RUEHBO/AMEMBASSY BOGOTA PRIORITY 5863
RUEHCV/AMEMBASSY CARACAS PRIORITY 1921
RUEHLP/AMEMBASSY LA PAZ AUG 9998
RUEHPE/AMEMBASSY LIMA PRIORITY 0841
RUEHGL/AMCONSUL GUAYAQUIL PRIORITY 0960
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C O N F I D E N T I A L QUITO 002002

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DEPARTMENT FOR G AND WHA/AND

E.O. 12958: DECL: 05/24/2016

TAGS: PGOV PREL EC

SUBJECT: PRESIDENT PALACIO SEEKS WHO DIRECTOR GENERALSHIP

Classified By: PolChief Erik Hall for reasons 1.4 (b&d).

¶1. (SBU) President Alfredo Palacio has instructed the MFA to lobby WHO board capitals in favor of his candidacy for the WHO Director Generalship. A MFA mission headed by U/S for Multilateral Affairs Gonzalo Salvador Holguin might visit Washington during the week of August 14 or 21 seeking meetings in the Department and HHS to seek USG endorsement for the WHO board vote scheduled for early November. The meetings in Washington are being arranged by Ecuador's Ambassador Gallegos.

¶2. (SBU) Salvador claimed the GOE has offered a deal to Japan, whereby if elected, Palacio would name a Japanese number two, and the GOE would support the Japanese candidate after Palacio's term ends. The GOJ has not responded to the offer. The other candidate reportedly is Mexico's Health Minister.

Comment

¶3. (C) Palacio has lived up to his billing as a weak and feckless caretaker president, who took office after the irregular overthrow of ex-president Lucio Gutierrez in April 2005. Politically inept, Palacio proved incapable of managing his own government, characterized by instability and quixotic attempts at political reform. In the commercial realm, the left-leaning Palacio bowed to populist pressure to torpedo FTA talks with the U.S., and ordered the assets of Ecuador's number one investor, Occidental Petroleum, seized without compensation. Cooperation with Ecuador in other areas remained good, however.

¶4. (C) That said, Palacio was consistently a champion of public health causes, however ineffective he proved at implementing his promises for a national health insurance scheme. The former cardiologist frequently complained privately that he wanted nothing more than to return to his private practice here and in Miami. Nevertheless, management problems were rife in the health sector. Palacio suffered a major embarrassment and was forced to fire his Health Minister when a scandal erupted over child deaths due to a contaminated hospital air system in Manabi province. His Health Ministry so poorly managed the HIV/AIDS Global Fund (a \$14 m. program here) that it was in danger of being withdrawn

earlier this year.

¶5. (C) Furthermore, Palacio's government has shown low respect for IPR issues, including U.S. pharmaceutical patents (e.g. Pfizer's Viagra case). In FTA talks, Palacio strongly resisted USG demands for appropriate IPR protections for pharmaceuticals.

¶6. (C) We recommend giving the GOE's emissaries a respectful hearing, and evaluating Palacio's candidacy against others that may be closer to USG interests.

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